

**Health-Related Institutions
Formula Advisory Committee Meeting
Texas Higher Education Coordinating Board
September 17, 2003**

MINUTES

Members Present: Steve Russell (convening chair), Robert Alpern, Gilbert Castro, Nancy Dickey, Rick Hefner, Steve Lynch, Richard Moore, and Barry Norling.

Members Absent: Harry Holmes and M. Roy Wilson. Claire Turner attended for Mr. Holmes and Elmo Cavin for Dr. Wilson.

Steve Russell convened the meeting of the Health-Related Institutions Formula Advisory Committee (HRI FAC) in the Lone Star Room of the Texas Higher Education Coordinating Board at 1:00 p.m. on September 17, 2003.

Members of the committee and the audience introduced themselves.

Mr. Russell was elected as permanent chair.

Commissioner Don Brown welcomed the Committee and delivered the charge.

Lynn Magee presented an overview of the formula funding process for health-related institutions.

Jeff Phelps discussed the work of the *Ad Hoc* University Matrix Committee that is attempting to validate the relative weights contained in the University Instruction and Operations (I&O) matrix.

Debbi Greene presented an overview of the small class supplement and the group discussed the work that was done during the last HRI FAC session.

Mr. Russell asked the Committee to consider assignment to subcommittees. The subcommittees are the Instruction and Operations subcommittee, the Research subcommittee, the Infrastructure subcommittee, and the Mission Specific subcommittee. Following are the proposed memberships:

- I&O: Richard Moore (chair), and the full HRI FAC will participate
- Research: Gilbert Castro (chair), Nancy Dickey, Robert Alpern, Harry Holmes, and Barry Norling
- Infrastructure: Steve Lynch (chair), Richard Moore, Rick Hefner, and Gilbert Castro
- Mission Specific: Harry Holmes (chair) and Rick Hefner

It was agreed that the four subcommittees would typically meet prior to the full HRI FAC meeting, except for the I&O subcommittee, which may meet as part of the full HRI FAC.

The Committee will meet again on October 23, 2003 at 1:00 p.m.

The meeting adjourned at approximately 2:00 p.m.

**Health-Related Institutions
Formula Advisory Committee Meeting
Texas Higher Education Coordinating Board
October 23, 2003**

MINUTES

Members Present: Steve Russell (convening chair), Robert Alpern, Gilbert Castro, Rick Hefner, Steve Lynch, Richard Moore, Barry Norling, and M. Roy Wilson.

Members Absent: Harry Holmes and Nancy Dickey Mike Moreno attended for Mr. Holmes and Barry Nelson attended for Dr. Dickey.

Steve Russell convened the meeting of the Health-Related Institutions Formula Advisory Committee (HRI FAC) in the Lone Star Room of the Texas Higher Education Coordinating Board at 2:00 p.m. on October 23, 2003.

Mr. Russell opened the meeting by asking for approval of the minutes for the September 17, 2003 meeting. Dr. Norling made a motion that the minutes be approved and Dr. Castro seconded the motion. The minutes were approved unanimously.

Mr. Russell then called for subcommittee reports.

Mr. Moore, chair of the Instruction and Operations (I&O) Subcommittee reported that the subcommittee began by considering six elements relating to the I&O formula. These are:
1. Base Value Rates; 2. Base Value Weights; 3. Disadvantaged Student Supplement;
4. Critical Workforce Shortage Incentives; 5. Small Class Supplement; 6. Other issues

Mr. Moore reported that the subcommittee had considered recommending the legislature fund the BY 2002-03 rates and an additional cost of living allowance (COLA) equal to four years inflation for the base value rates and weights. Jeff Phelps would provide the committee with a mechanism for determining the COLA by the next meeting.

The committee recommended that part of the previous disadvantaged student recommendation be kept and that the phrase "economically disadvantaged student" be replaced with "underrepresented minority". The committee requested that staff member Lynn Magee check with THECB general counsel on the legality of using the new definition.

Mr. Moore reported that I&O subcommittee members were asked to read *Supply Trends Among Licensed Health Professions, Texas, 1980-2002*, a report produced by the Texas Department of Health before the next meeting.

Mr. Moore reported that it appeared that the small class supplement would not be an item for discussion during this formula advisory process. No other issues were brought to his attention.

Health-Related Institutions
Formula Advisory Committee Meeting
October 23, 2003
Page 2

Next, Dr. Castro, chair of the Research Subcommittee, reported that the research subcommittee would be ready to make a recommendation on changes to the research formula. The committee had discussed recommending a COLA to the BY 2002-03 rates and were recommending that the percentage of research expenditures funded be increased to 5% as was previously recommended during the BY 2004-05 formula advisory process. Dr. Castro and Dr. Alpern would be drafting the recommendation for presentation at the next meeting. Additionally, Dr. Nelson would pursue the viability of recommending that affiliate expenditures be included in reports to the THECB and therefore included in the research funding formula.

The final subcommittee report was given by Steve Lynch, chair of the Infrastructure Subcommittee. Mr. Lynch reported that the subcommittee had first been given an overview of the health-related space model by Campus Planning Director, Dr. Nancy Soteriou. Mr. Lynch reported that since this had been the first meeting the subcommittee discussions had centered on high-level discussions of infrastructure issues.

The subcommittee had discussed how distance learning may affect the infrastructure; the multiprogram library supplement (Dr. Soteriou will provide a listing of those institutions who receive the supplement); and the subcommittee was also interested in looking at the breakout in working clinical space as opposed to teaching clinical space. Dr. Soteriou was asked to provide information on clinical space for the next meeting. In addition the subcommittee asked for comparative data on FTE per institution and had discussed a possible addition to the formula to compensate for utilities and depreciation. Mr. Lynch had also asked the subcommittee to consider those institutions currently receiving the multicampus supplement and whether there should be additions or deletions to the list.

Before adjourning the meeting times for the subcommittees and full committees were discussed. The Committee will meet again on November 12, 2003. The meeting times were set as follows:

9:30 – 10:00	Research
10:00 – 11:30	Infrastructure
12:30 – 2:00	Instruction and Operation
2:00 – 4:00	Formula Advisory Committee

The meeting adjourned at approximately 2:40 p.m.

**Health-Related Institutions
Formula Advisory Committee Meeting
Texas Higher Education Coordinating Board
November 12, 2003**

MINUTES

Members Present: Steve Russell, Robert Alpern, Gilbert Castro, Richard Moore, Barry Norling, M. Roy Wilson, and Harry Holmes.

Members Absent: Rick Hefner, Steve Lynch, and Nancy Dickey Barry Nelson attended for Dr. Dickey.

Steve Russell convened the meeting of the Health-Related Institutions Formula Advisory Committee (HRI FAC) in the Lone Star Room of the Texas Higher Education Coordinating Board at 2:00 p.m. on November 12, 2003.

Mr. Russell opened the meeting by asking for approval of the minutes for the October 23, 2003 meeting. The minutes were approved unanimously.

Mr. Russell then called for subcommittee reports.

Dr. Castro, chair of the Research Subcommittee, reported that the research subcommittee would be ready to make a recommendation on changes to the research formula in December. The committee would be recommending four years cost of living allowance (COLA) to the BY 2002-03 rates and that the percentage of research expenditures funded be increased to 5% as was previously recommended during the BY 2004-05 formula advisory process. Dr. Castro presented the recommendation in narrative form and asked for input for changes. The recommendation will be finalized and be presented for a vote at the December meeting. Additionally, Dr. Castro reported that the committee would not be pursuing a recommendation affiliate research expenditures be included in reports to the THECB and therefore included in the research funding formula.

The next subcommittee report was given by Steve Russell, standing in for Steve Lynch, chair of the Infrastructure Subcommittee. Mr. Russell reported that the subcommittee would be making a recommendation for four years cost of living allowance (COLA) to the BY 2002-03 infrastructure rates. Additionally, Mr. Russell reported that the subcommittee had no additional campuses to recommend for the multi-campus supplement, nor were there any deletions.

The subcommittee had discussed how distance learning may affect the infrastructure. After learning that predicted space reimbursement acted as an offset to costs the subcommittee had elected not to make any specific recommendation for changes relating to distance learning.

As promised, Dr. Soteriou provided information on clinical space; the multi-program library supplement, Ms. Magee provided comparative data on FTE per institution.

**Health-Related Institutions
Formula Advisory Committee Meeting
November 12, 2003
Page 4**

Mr. Lynch had informed Mr. Russell that he was still interested in pursuing a mechanism for compensation to the institutions for utilities and depreciation. He would make information regarding this available at the December meeting.

Dr. Holmes, chair of the Mission Specific Subcommittee, presented a recommendation to increase the rates associated with the mission specific funding by implementing a COLA equal to four years inflation from the 02-03 biennium rates.

Mr. Moore, chair of the Instruction and Operations (I&O) Subcommittee reported that the subcommittee would be recommending that the graduate Biomedical Sciences weight and the graduate nursing weight be increased by a COLA equal to four years inflation from the 02-03 biennium. Similarly, the committee discussed increasing the 02-03 biennium Base Value Rate of \$11,776 by COLA equal to four years inflation. A discussion ensued regarding which COLA mechanism would be best. Jeff Phelps will provide the committee with numbers and costs reflecting the CPI-U factor.

Mr. Moore reported that the recommendation to increase the nursing weight would be one way of addressing the critical workforce shortage areas. He stated that the allied health area was also identified as a critical workforce area and asked the members to consider what changes could be implemented to address that area.

Dr. Greene presented documents that resulted from a prior meeting with a GME working group. She stated that the working groups would be meeting again in the spring and that the members of the committee members would have input in that process. She stated that she preferred that this particular committee not make a recommendation and allow the other process to take place. She stated that the CB planned on having a report to the legislature in the fall.

Mr. Moore reported that in the subcommittee meeting Dr. Alpern had asked that the committee consider a recommendation to prioritize the distribution of any new formula funding dollars in the 79th session be made in proportion to the percentage that those funds currently represent in the current funding 'pie'. He presented a handout which showed that I&O funds represent nearly 70% of the formula dollar distribution, space support receives roughly 25%, and research receives about 5%. Dr. Alpern proposed that at present the formulas may not adequately support all mission of an institution. Discussion ensued and the issue was tabled until the December meeting to allow the members to have adequate time to consider the proposal.

Before adjourning the committee discussed the format of the December meeting. It was decided that the subcommittees would not meet and that the meeting of the full committee would begin at 10 a.m. on December 17, 2003

The meeting adjourned at approximately 2:30 p.m.

**Health-Related Institutions
Formula Advisory Committee
Texas Higher Education Coordinating Board
December 17, 2003**

MINUTES

Members Present: Steve Russell, Robert Alpern, Gilbert Castro, Richard Moore, Barry Norling, M. Roy Wilson, Rick Hefner, Steve Lynch, and Nancy Dickey.

Members Absent: Harry Holmes.

Steve Russell convened the meeting of the Health-Related Institutions Formula Advisory Committee (HRI FAC) in the Lone Star Room of the Texas Higher Education Coordinating Board at 10:00 a.m. on December 17, 2003.

Mr. Russell opened the meeting by asking for approval of the minutes for the November 12, 2003 meeting. The minutes were approved unanimously.

Mr. Russell then called for subcommittee reports.

Dr. Castro, chair of the Research Subcommittee, reported that the Research Subcommittee recommendation is that the percentage of research expenditures funded be increased from 2.15 percent to 5 percent. This would be from new funds and not a re-allocation of the current level of funding. (This recommendation would not be implemented until 2002-2003 institutional funding levels are restored. See last paragraph.) The committee adopted this recommendation.

The next subcommittee report was given by Steve Lynch, chair of the Infrastructure Subcommittee. Mr. Lynch reported that the subcommittee's recommendation is that a cost of living allowance (COLA) equal to four years inflation from the 2002-2003 biennial rates be applied to the infrastructure rates. The Committee adopted this recommendation. There was discussion regarding bringing depreciation into the formula, but no recommendation was made. (See last paragraph for later amendment to COLA-related recommendations)

Rick Hefner, of the Mission Specific Subcommittee, presented a recommendation on behalf of the subcommittee to increase the rates associated with the mission specific funding by implementing a COLA equal to four years inflation from the 2002-2003 biennial rates. A recommendation was also made to change the data source for determining reimbursement for UTHC-Tyler to new chest discharge diagnosis. The committee adopted both of these recommendations. (See last paragraph for later amendment to COLA-related recommendations)

Richard Moore, chair of the Instruction and Operations (I&O) Subcommittee reported that the subcommittee is recommending the following:

- Increase the graduate Biomedical Sciences weight to 1.292.
- Create a "program" for Health Informatics with the same weight as Graduate Biomedical Sciences - 1.292 (currently captured under allied health).

Health-Related Institutions
Formula Advisory Committee Meeting
December 17, 2003
Page 2

- Increase the graduate nursing weight (master's and doctoral) so that it is 10% over the undergraduate nursing weight (1.138 to 1.252).
- Increase the FY 2002-03 Base Value Rate of \$11,776 by a COLA equal to four years inflation from the 2002-2003 biennial rates.
- Establish a supplement whereby a 10 percent formula funding supplement is paid for each African-American and Hispanic student enrolled at a Texas public health-related institution for efforts made to increase the number of underrepresented minorities, one of the Success goals of *Closing the Gaps*.

All recommendations of the Instruction and Operations Subcommittee were adopted by the Committee.

A final item of discussion was the idea, suggested by Dr. Alpern at the November meeting, that the Committee make a recommendation to the Legislature as to the distribution of any new monies available in the 2006-2007 biennium. The definition of 'new' money was questioned. In the resulting discussion the Committee defined 'new' money as anything above the level of funding each institution had received in the 2002-2003 biennium (before the 7 percent cuts). The Committee agreed to recommend that no new recommendations be implemented until the institutions were receiving funding at the 2002-2003 levels (Base year enrollments for the 2004-2005 biennium at 2002-2003 biennium funding rates). In making this recommendation the Committee rescinded the language in all inflation-related recommendations previously passed and changed them to read "restore to the 2002-2003 biennium funding rates". The motion passed 5-3.

The meeting adjourned at approximately 2:30 p.m.